

Message Text

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ACTION EB-06

INFO OCT-01 EUR-08 ISO-00 SS-15 NSC-05 SP-02 CAB-02

CIAE-00 COME-00 DODE-00 DOTE-00 INR-05 NSAE-00 RSC-01

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 4608

C O N F I D E N T I A L SECTION 1 OF 2 THE HAGUE 5209

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJ: US-GON CIVIL AIR TALKS: FONOFF VIEWS AND PROPOSALS

SUMMARY. FONOFF STATE SECRETARY BRINKHORST ASKED DEPUTY ASST SECRETARY WALDMANN TO SEE HIM EVENING OF OCTOBER 23 IN ORDER TO EMPHASIZE IMPORTANCE OF CIVAIR TALKS TO OVERALL US-DUTCH RELATIONS. ALSO PRESENT WERE LEADER OF DUTCH DELEGATION ZWANENBERG AND FONOFF TRANSPORTATION ADVISER NIEUWENJUISEN AND ON AMERICAN SIDE CAB MEMBER O'MELIA AND DCM TANGUY. BRINKHORST ADVANCED A NUMBER OF ARGUMENTS IN SUPPORT OF KLM'S RIGHT TO FLY SIXTH FREEDOM TRAFFIC AND WHY THE AMERICAN POSITION WAS UNACCEPTABLE, "NATIONALISTIC" AND AMOUNTED TO A "DIKTAT." IN HIS INITIAL REPLY, WALDMANN SET BOTH THE HISTORICAL AND CURRENT RECORDS STRAIGHT AND DENIED THAT THE US WAS SINGLING KLM OUT FOR PUNITIVE ACTION OR THAT WE WERE SEEKING A 70 PERCENT REDUCTION IN KLM CAPACITY ACROSS THE NORTH ATLANTIC. WALDMANN DECLARED AND REITERATED, HOWEVER, THAT A SOLUTION TO THE PROBLEM OF EXCESSIVE NORTH ATLANTIC CAPACITY WOULD REQUIRE A SIGNIFICANT REDUCTION IN KLM CAPACITY AND BRINKHORST LEFT THIS STATEMENT UNCHALLENGED. WALDMANN CONCLUDED THAT THE PRESENT SITUATION LEFT US WITH ONLY TWO ALTER-

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NATIVES: (A) AGREEMENT THIS WEEK ON A SIGNIFICANT

REDUCTION IN KLM CAPACITY, OR (B) UNILATERAL ACTION BY THE US IN CONFORMITY WITH THE TREATY AND UNDER THE POWERS WE NOW POSSESSED TO RATIONALIZE DISTRIBUTION AND RECTIFY INEQUITIES IN NORTH ATLANTIC TRAFFIC. BRINKHORST PROPOSED A THIRD ALTERNATIVE, ASSUMING NO AGREEMENT WAS REACHED AT THE END OF THIS ROUND, THAT THE US AVOID ANY UNILATERAL ACTION AND THAT THE TALKS BE RESUMED IN MID-NOVEMBER, EITHER IN THE HAGUE OR WASHINGTON. WALDMANN STIPULATED TWO CONDITIONS IN ORDER FOR THAT ALTERNATIVE TO BE ACCEPTABLE TO THE US. THE MEETING CONCLUDED WITH ALL OF THE US OPTIONS OPEN. END SUMMARY.

1. BRINKHORST OPENED BY SAYING THAT FROM WHAT HE HAD HEARD TALKS WERE NOT GOING ON ACCORDING TO PLAN, AT LEAST NOT FROM THE DUTCH POINT OF VIEW. HE STATED THAT THE VERY FACT OF THIS MEETING IN THE FOREIGN MINISTRY INDICATED THAT THE TALKS TRANSCENDED CIVIL AVIATION. THE DUTCH SAW THEM IN FACT, BRINKHORST CONTINUED, IN THE CONTEXT OF THEIR OVERALL RELATIONS WITH THE US. BRINKHORST REINFORCED THE POLITICAL IMPORTANCE THE GON ATTACHED TO THE TALKS BY NOTING THE UNUSUAL NATURE OF A SUBSTANTIVE COMMENT BY THE FOREIGN MINISTER AFTER JUST ONE DAY OF TALKS (THE HAGUE 5182). BRINKHORST ARGUED FORCEFULLY THAT A 70 PERCENT REDUCTION IN KLM'S FLIGHTS ACROSS NORTH ATLANTIC WOULD BE DISASTROUS FOR THE COMPANY AND COULD HAVE GRAVE EFFECTS ON OTHER AREAS OF US-DUTCH RELATIONS. HE ALSO ATTACKED CONCEPT THAT KLM SHOULD BE LIMITED ESSENTIALLY TO PRIMARY TRAFFIC. CARRIED TO ITS LOGICAL CONCLUSION, HE ASSERTED SUCH A DOCTRINE WOULD MEAN THAT SMALL COUNTRIES LIKE THE NETHERLANDS WOULD OF NECESSITY OPERATE SMALL AIRLINES. HE INVOKED THE BERMUDA AGREEMENT AND THE "FREEDOM OF THE AIR" PRINCIPLE TO SUBSTANTIATE THE GON POSITION THAT KLM WAS ENTITLED TO COMPETE FOR MORE THAN A NOMINAL SHARE OF SIXTH FREEDOM TRAFFIC. HE WAS ALSO CRITICAL OF THE US NEGOTIATING POSTURE. THE EXCESSIVENESS OF THE OPENING AMERICAN POSITION, HE SAID, CAME AS A GREAT SHOCK TO THE DUTCH AND AMOUNTED TO A "DIKTAT." THE DUTCH PEOPLE WOULD SUPPORT THE GON IN REJECTING IT.

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2. WALDMANN CAREFULLY REVIEWED THE HISTORICAL AND CURRENT RATIONALE FOR THE US POSITION, WHICH HE EMPHASIZED WAS NOT RPT NOT AIMED AT CRIPPLING KLM OR FORCING IT TO OPERATE BELOW A MINIMUM LEVEL OF SERVICES. SPECIFICALLY, HE DENIED THAT THE US WAS INSISTING ON A 70 PERCENT REDUCTION BUT AFFIRMED THAT THE US WAS LOOKING FOR A SIGNIFICANT REDUCTION IN KLM'S CAPACITY ACROSS THE NORTH ATLANTIC. KLM'S EXCESSIVE CAPACITY WAS, IN OUR INTER-

PRETATION, A CLEAR VIOLATION OF OUR BILATERAL CIVIL AIR AGREEMENT. MOREOVER, THE FINANCIAL PROBLEMS OF THE TWO US CARRIERS INVOLVED WERE SUCH THAT THE USG HAD NO CHOICE BUT TO ACT QUICKLY AND EFFECTIVELY. WALDMANN EMPHASIZED THE COMMONALITY OF THE PROBLEM FOR ALL AIRLINES, INCLUDING KLM, SERVING THE NORTH ATLANTIC. HE NOTED THAT WE HAD ALREADY REACHED AGREEMENT WITH THE BRITISH CARRIER FOR A REDUCTION OF CAPACITY AND WE WOULD BE SEEKING SIMILAR AGREEMENTS WITH THE OTHER PRINCIPAL CARRIERS. THUS, THERE WAS NO INTENTION TO SINGLE OUT KLM FOR PUNITIVE ACTION.

3. AFTER FURTHER DISCUSSION, WALDMANN REITERATED THE NEED FOR SPEEDILY RESOLVING THE PROBLEM OF EXCESSIVE KLM CAPACITY. WE THEREFORE SAW TWO ALTERNATIVES: (A) AGREEMENT BY THE END OF THE WEEK ON SIGNIFICANT REDUCTION IN KLM'S NORTH ATLANTIC CAPACITY, OR (B) UNILATERAL ACTION BY THE US, IN CONFORMITY WITH THE TREATY AND UNDER THE ARTICLE 213 POWERS WE NOW POSSESS, TO RATIONALIZE DISTRIBUTION AND RECTIFY INEQUITIES IN NORTH ATLANTIC TRAFFIC. BRINKHORST RESPONDED WITH A THIRD ALTERNATIVE. ASSUMING NO AGREEMENT THIS WEEK, THE US SIDE WOULD REFRAIN FROM ANY UNILATERAL ACTION AND THE TWO DELEGATIONS WOULD MEET AGAIN IN MID-NOVEMBER EITHER IN THE HAGUE OR WASHINGTON TO RESUME THE CONSULTATIONS. HE SAW TWO ADVANTAGES IN THIS ALTERNATIVE: (A) IT WOULD AVOID THE APPEARANCE OF A "DIKTAT" AND THERE WOULD BE NO SWORD OF DAMOCLES HANGING OVER THE DUTCH HEAD, AND (B) IT WOULD PROVIDE A TIME FOR REFLECTION AND FURTHER EXAMINATION OF THE DATA. HE URGED THE US SIDE TO GIVE THIS ALTERNATIVE SERIOUS CONSIDERATION. HE RECALLED THAT THE PURPOSE OF THESE TALKS WAS TO REACH AGREEMENT AND STRESSED THE GRAVE RISKS ATTACHING TO

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UNILATERAL US ACTION.

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CIAE-00 COME-00 DODE-00 DOTE-00 INR-05 NSAE-00 RSC-01

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 4609

C O N F I D E N T I A L SECTION 2 OF 2 THE HAGUE 5209

4. AFTER O'MELIA MENTIONED A FOURTH ALTERNATIVE, SEPARATELY OR IN CONJUNCTION WITH ALTERNATIVE 2, NAMELY US DENUNCIATION OF THE TREATY, WALDMANN REPLIED THAT BRINKHORST'S POSSIBILITY MIGHT BE WORKABLE IF THE CONCLUSION OF THE CURRENT ROUND OF TALKS GAVE THE US SIDE SOME HOPE OF REACHING AGREEMENT IN THE NEXT ROUND. THE OTHER CONDITION WAS SOME INDICATION THAT THE ATMOSPHERE WAS NOT SO BAD AS PORTRAYED IN THE LOCAL PRESS THE LAST THREE DAYS. NOTING THAT JOURNALISTIC PREDICTIONS OF CALAMITOUS CONSEQUENCES OFTEN HAD A SELF-FULFILLING CHARACTER, WALDMANN SAID THAT WHAT WAS NEEDED WAS A POSITIVE PRESS BRIEFING BY THE DUTCH AUTHORITIES.

5. WITHOUT EXPLICITLY ACCEPTING OR REJECTING EITHER OF WALDMANN'S CONDITIONS, BRINKHORST ADDED A THIRD, THAT THE US SIDE SHOULD ESCHEW ANY PROPOSAL THAT WOULD PREJUDICE THE FUNDAMENTAL CONDITIONS UNDER WHICH KLM OPERATES. WALDMANN COUNTERED THAT THE TWO SIDES HAVING STATED THEIR RESPECTIVE POSITIONS, THE US WAS QUITE PREPARED TO ENTER INTO A PRACTICAL DISCUSSION OF THE FACTUAL SITUATION, E.G., SCHEDULES FOR 1975. THIS PROMPTED ZWANENBERG TO DECLARE THAT THE GAP BETWEEN THE RESPECTIVE POSITIONS WAS SO ENORMOUS THAT IT WAS IMPOSSIBLE FOR HIM TO BE OPTIMISTIC.

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6. BRINKHORST QUESTIONED THE IDEA THAT THE US AND THE NETHERLANDS MUST ACHIEVE A BALANCE IN ALL ASPECTS OF THEIR RELATIONS, INCLUDING CIVIL AVIATION. HE NOTED, FOR INSTANCE, THE VERY SUBSTANTIAL BALANCE OF TRADE IN FAVOR OF THE US. HE CAUTIONED THAT IF THE US INSISTED ON THE QUID PRO QUO APPROACH THEN WE WERE REALLY IN TROUBLE. WALDMANN SAID THAT ALL THE US WAS INSISTING ON IN THESE

TALKS WAS THE NEED TO RESPECT THE PROVISIONS OF OUR
BILATERAL AGREEMENT AND KEEP EXTRANEIOUS ISSUES OUT.
BRINKHORST MADE A FURTHER PITCH FOR A COMPREHENSIVE
APPROACH TO US-DUTCH RELATIONS WHICH TOOK INTO ACCOUNT
ALL FACTORS, INCLUDING "THOSE WE BOTH HOLD VERY DEAR."
HE SAID HE WAS OBLIGED, TO HIS REGRET, TO CONCLUDE THE
MEETING BECAUSE OF AN IMPORTANT PROTOCOL ENGAGEMENT.
HE INFORMED WALDMANN THAT MINISTER OF TRANSPORT WESTERTERP
WANTED TO SEE HIM PRIVATELY THE NEXT MORNING AT THE END
OF THAT SESSION OF THE TALKS AND THAT IT MIGHT BE USEFUL
FOR WALDMANN AND BRINKHORST TO SEE EACH OTHER AGAIN
THAT AFTERNOON. WALDMANN REPLIED THAT HE HAD NO PROBLEM
WITH EITHER PROPOSAL BUT WOULD WANT TO CHECK HIS SCHEDULE
TO MAKE SURE THAT HE WAS FREE.
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